



Memorandum

TO: MAYOR REED

FROM: Vice Mayor Judy Chirco
Councilmember Sam Liccardo

SUBJECT: BUDGET DOCUMENT

DATE: May 21, 2010

Approved [Signature] Judy Chirco Date 5-21-10
PH

RECOMMENDATION

That the following recommendation be enacted to ensure that every library in the City remains open for at least 4 days a week.

BACKGROUND

City-Council Initiated Essential Services Preservation Fund/Other Budget Proposals

Program/Project Title: Restore One Day of Service to Libraries

Amount of City Funding Required: \$2, 900,000

Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

When confronted with bond measures and library parcel taxes, San Jose residents have voted to support their branch libraries with their own wallets. The 2010-2011 Proposed Budget recommends a drastic reduction in branch library hours to three days of service per week.

The proposed 30.2% general fund cuts in support for libraries substantially exceeds the General Fund reductions contemplated for any other non-sworn City department (typically 20%). Service at branch libraries will drop from an average of 47 hours per week to about 25 hours – an almost 50% drop.

At a time when our communities most need a critical “safe haven” for students after school, or a source of information and job leads for of our unemployed residents, we must maintain this critical resource. The reduction will impact thousands of San Jose residents, and would have our public library system offering fewer hours of service than virtually any other library system in the counties of Santa Clara, San Mateo, or Alameda.

This action will maintain some share of our essential library services.

Funding Source

Program/Project Title:

- Earmarked Reserves: Unemployment Insurance (\$1.5 million)
- Essential Services Restoration Fund (\$250,000)
- Shift Funding for Closed Landfill Compliance and Fuel Tank Monitoring (V-722) from General Fund to Stormwater Fund (\$450,00)
- General Fund -- Capital Expenditures: Fire Apparatus Replacement (\$700,000)
- Alternative: Liquidation of Funds from Expired Special Assessment districts (see below)

Amount of City Funding Change: \$2,900,000

Fund Type (i.e. General Fund, C&C funds, etc.) General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

- Essential Services Restoration Fund: This allocation would consume one-half of the \$500,000 set aside in the Mayor's Budget Message for the restoration of essential services.
- Earmarked Reserves: Unemployment Insurance: this proposal recommends reducing the \$9.5 million in unemployment insurance by an amount commensurate with savings resulting from employee concessions or implementation. One can conservatively expect that the amount contemplated above—about 11% of the total—will become available as a result of those savings, and this proposal would not put the payments to any employees at risk.
- Shifting Compliance and Monitoring from General Fund to Storm Sewer Operating Fund: Staff proposes to spend \$450,000 in General Fund dollars for environmental regulatory activity relating to closed landfill compliance and fuel tank monitoring. (see III-6 and V-722 in the Capital Budget). The burden for these activities could be shifted to the Storm Sewer Operating Fund, which has increased substantially in recent years to a \$24.5 million operation (see X-48 of Operating Budget). A portion of those funds, including the \$1.6 million increase in the last fiscal year, is directed toward compliance with the National Pollutant discharge Elimination System (NPDES) stormwater permit, which requires the City to prevent or mitigate pollution to our groundwater and other receiving waters. These funds could reasonably be used for monitoring of landfills and fuel tanks as well, thereby relieving the General Fund of this burden.
- General Fund Capital Expenditures: Currently, the budget contemplates \$2.2 million for fire apparatus capital replacement, of which \$1.15 million is in General Fund expenditures (See Operating Budget V-545, V-557, V-561). As part of staff's upcoming review of this funding allocation (p. V-557), make a recommendation on our ability to reduce the General Fund appropriation. City would still continue to maintain other sources for fire apparatus replacement,

including \$1.1 million in CDBG money (for stations in low/moderate income areas), and a \$450K reserve for Fire Apparatus Replacement for any urgent additional needs.

- Any amounts not permissibly drawn from the above sources could be directed from the additional \$3.5 million supplemental infusion to the Economic Uncertainty Reserve, as proposed on the Council's May 25th agenda (item 3.3). Under that item, approximately \$4.4 million in surplus funds from liquidated special assessment districts will be transferred into the general fund. Of that amount, staff recommends a \$3.5 million increase to restoration the Economic Uncertainty Reserve closer to the \$10million goal. While an important goal, some small amount of these funds could support this critical City service.

Department or Organization: City Manager's Budget Office

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

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This change is:

 X One-time Ongoing

The City Service Area to which the change best relates:

- ☐ Community and Economic Development Services
- ☐ Environmental and Utility Services
- ☐ Neighborhood Services
- ☐ Public Safety
- ☐ Strategic Support
- ☐ Transportation and Aviation Services